

August 31, 2007

The Honorable Mark Sanford
Governor, State of South Carolina
Post Office Box 11829
Columbia, South Carolina 29211

Dear Governor Sanford:

The South Carolina Department of Transportation (SCDOT) is pleased to submit its fiscal year 2008-2009 budget plan to the Office of State Budget. This budget is based on revenue projections of \$1,122.9 million.

The SCDOT budget is based on the amount of revenue that is expected from the state motor fuel user fee, federal appropriations, and a small percentage of other income from miscellaneous activities (interest, sale of excess property, tolls, etc.).

The Department is not requesting additional FTE's or proviso changes. The Department is requesting general funds to cover the cost of administering the IFTA program in the amount of \$1 million annually. For fiscal year 2008-2009 only, the Department is requesting \$2 million. \$1 million of which will reimburse the Department for costs of administering the IFTA program for fiscal year 2007-2008. This \$1 million line item was included in the fiscal year 2007-2008 conference committee appropriation budget but was vetoed, with the veto sustained.

As always, I am available to discuss our funding challenges and vision for the future or to provide additional information regarding this budget plan submission.

Sincerely,

H. B. Limehouse, Jr.
Secretary of Transportation

Cc: SCDOT Commissioners
Ms. Debra Rountree, Director, Finance and Administration
Mr. Tony Chapman, State Highway Engineer

Enclosure
HBL:drp:pbg

FISCAL YEAR 2008-09 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name: **Section 53/U12/S.C. Department of Transportation**

B. Statewide Mission: **The mission of SCDOT is to provide a safe and efficient transportation system for the movement of people and goods in South Carolina. SCDOT builds and maintains roads and bridges, and administers mass transit services.**

C. Summary Description of Strategic or Long-Term Goals:

(1) **Safety – To increase safety both on and off the road.**

(2) **Maintenance – To focus the efforts of all our employees on preserving our existing transportation system.**

(3) **Customer Service – To improve customer service, internally and externally.**

(4) **Resources – To implement a plan to effectively and efficiently utilize the department's resources.**

(5) **Employee Development – To improve employee development for all employees, through various training and employment opportunities.**

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: IFTA Administration	1,000,000	1,000,000	0	0	2,000,000	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Goal #4 Activity Number & Name: 1437 General Administration										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> Activity Number & Name:										
Priority No.:	Title:	0	0	0	0	\$ 0	0	0	0	0.00

Summary of Operating Budget Priorities for FY 2008-09:	FUNDING					FTEs			
	State Non-Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Strategic Goal No. Referenced in Item C Above (<i>if applicable</i>): Activity Number & Name:									
TOTAL OF ALL PRIORITIES	1,000,000	1,000,000	\$ 0	\$ 0	2,000,000	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State \$ **186,590.00**

Federal\$

Other \$

F. Efficiency Measures: **The Department has taken an aggressive stance in disposing of surplus property. The Department entered into an innovative arrangement with two commercial property realtors to dispose of surplus property. This innovation was highlighted in the recent GEAR study of the Budget and Control Board:**

“The SC Department of Transportation ... recently went through an “RFP” process in order to hire two real estate brokerages to list and market their surplus property. Within two years they sold approximately \$5 million of previously dormant property – some at higher than appraised value – and cut their inventory of surplus real estate by half.” ... “They (DOT) are considering offering “Broker Protection” to real estate agents who bring buyers to the table as long as the net proceeds to the Department are the highest option and above appraised value. The Budget and Control Board Property Services Department should do so as well.”

G. **SCDOT does submit a CPIP and goes to the JBRC but is not funded by general revenue funds for capital improvements. SCDOT permanent improvement expenditures are covered in Section 10-1-180 of the SC Code.**

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0
Priority No.:	<u>Project Name:</u> Activity Number & Name:	Project No*:	0	0	0	\$ 0

TOTAL OF ALL CAPITAL BUDGET PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0
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* If applicable

H. Number of Proviso Changes:

I. Signature/Agency Contacts/Telephone Numbers:

H.B. Limehouse, Secretary of Transportation

**Contact – Tami Reed 737-2875 or
Debra Rountree 737-1240**

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 53/U12/S.C. Department of Transportation**

B. Priority No. **_1_** of **_1_**

C. (1) Title: **IFTA Administration**

(2) Summary Description: **Federal laws in the U.S. and Canada require states and provinces to comply with the International Fuel Tax Agreement. This agreement requires the sharing of motor fuel tax revenues among the states and provinces based on fuel consumption by Motor Carriers. Each state must administer the program, including the collection and dissemination of reports documenting fuel purchases and miles driven. When motor carriers purchase fuel in one state, but drive in another state, the revenues from the sale of fuel collected in one state must be shared with the other state based on the number of miles driven there. If there is a difference in tax rates, the difference must be submitted by the motor carrier to his home state and then transferred to the state where the fuel was actually consumed along with the amount collected in the form of fuel tax revenues. The program in South Carolina is administered primarily by the Department of Motor Vehicles, but funding for the administration of the program comes from the State Highway Fund pursuant to Section 56-11-500 of the SC Code of Laws.**

(3) Strategic Goal/Action Plan (*if applicable*):

D. Budget Program Number and Name: **#05010000 General Administration**

E. Agency Activity Number and Name: **1437 General Administration**

F. Detailed Justification for Funding

(1) Justification for Funding Increase: **IFTA was originally created at the urging of the trucking industry in an attempt to put an end to use taxes in each states which required a great deal of paperwork by the trucking industry. As a result of IFTA, that paperwork has been reduced, but the states have assumed an administrative burden. The program does not benefit SCDOT or the state highway system, yet the administrative costs are born by SCDOT with virtually no oversight of the administrative process. These general funds would reimburse SCDOT for the administrative costs it is being charged by the Department of Motor Vehicles for budget year as well as current year amount which was vetoed in 2007-2008 Appropriations Act.**

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00

(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0
Program/Case Services					\$ 0
Pass-Through Funds					
Other Operating Expenses	1,000,000	1,000,000			2,000,000
Total	1,000,000	1,000,000	\$ 0	\$ 0	2,000,000
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State \$ **1,000,000**
Federal \$
Other \$

(4) Is this priority associated with a Capital Budget Priority? no If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification: **N/A**

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00

(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State _____
Federal _____
Other _____

Agency-wide Vacant FTEs as of July 31, 2007: **514**
% Vacant **10**%

H. Other Comments:

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. Agency Section/Code/Name: **Section 53/U12/S.C. Department of Transportation**

B. Priority No. ____ of ____

C. Strategic Goal/Action Plan (*if applicable*):

D. Project Name and Number (*if applicable*):

E. Agency Activity Number and Name:

F. Description of Priority:

G. Detailed Justification for Funding

(1) Justification for Funding Priority:

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*				\$ 0

** If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. Justification for First Year Additional Future Annual Operating Costs:

(1) Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. Justification for First Full Year Additional Future Annual Operating Costs *(If Section H above represents a full year's operating funds, do not complete this section.)*

- (1) Will additional annual operating costs be absorbed into your existing budget? _____
 If not, will additional state funds be needed in the future? _____
 If state funds will not be needed in the future, explain the source(s) that will be used. _____

- (2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2008-09 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: **Section 53/U12/S.C. Department of Transportation**

B.

Priority Assessment of Activities – Highest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1443 Safety Programs	0	0	0	0	66,000,000	66,000,000	0
Activity Number & Name: 1441 Maintenance	85,600	0	637,400	0	267,118,253	267,841,253	3,402
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF HIGHEST PRIORITIES	85,600	\$ 0	637,400	\$ 0	333,118,253	333,841,253	3,402

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

A. **Agency Section/Code/Name:** Section 53/U12/S.C. Department of Transportation

B. **Agency Activity Number and Name:** 1444 – **Keep S.C. Beautiful**

C. **Explanation of Lowest Priority Status:** **The goal of the program is to establish an efficient and balanced program that provides color year round to roadsides with vibrant wildflower beds. This program does not contribute to a safe or efficient transportation system for South Carolinians.**

D. **Estimate of Savings:**

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	200,000	200,000
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

E. **Activity Impact** (*Describe the impact on the activity affected including the impact on customers and clients.*): **SCDOT currently maintains 1,100 acres of cultivated wildflower beds. Fees obtained from the sale of wildflower license plates provide the \$200,000 funding. The license program would need to be ended.**

F.

Summary of Priority Assessment of Activities – Lowest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 1444 Keep S.C. Beautiful	0	0	0	0	200,000	200,000	0
Activity Number & Name: 1440 Engineering - Construction	0	0	700,000	0	439,532,427	440,232,427	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	700,000	\$ 0	439,732,427	440,432,427	0.00